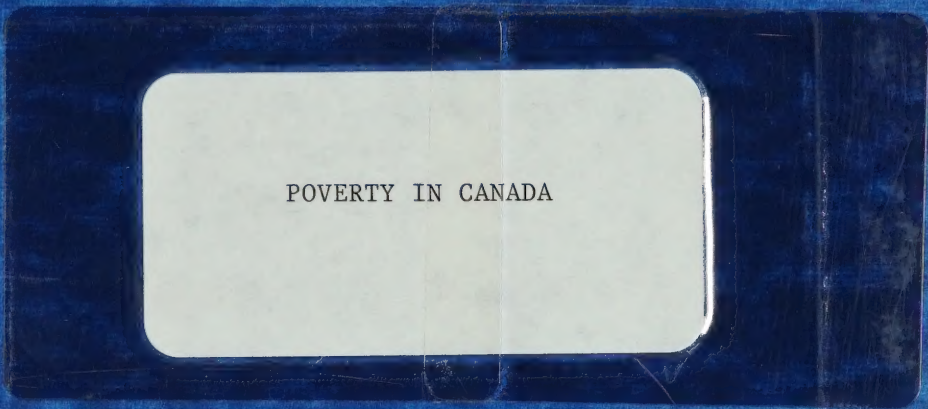


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POVERTY IN CANADA







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## POVERTY IN CANADA

Sandra Harder  
Political and Social Affairs Division

*Revised 17 October 1996*



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## POVERTY IN CANADA\*

### ISSUE DEFINITION

Poverty is a complex problem. The dimensions of poverty change over time and its important aspects may be altered or influenced by government policies and programs. The most salient characteristic of poverty in Canada today is that its victims are increasingly likely to be young. While poverty has declined among the elderly, it has increased among children, youth and one-parent families headed by women. The number of homeless people and the existence of hostels, food banks and soup kitchens are cause for concern. For many, the ravages of living in poverty begin at an early age and are felt throughout childhood, adolescence and adult life; thus they have major consequences for the well-being of society. **Changes in the structure and funding of Canada's social programs and high levels of unemployment will likely ensure that poverty remains a key issue in upcoming years.**

### BACKGROUND AND ANALYSIS

#### A. Defining Poverty

Poverty is typically defined in either absolute or relative terms, depending on whether it is perceived, at one end of the continuum, as a problem of meeting basic needs for physical well-being, or, at the other end, as raising questions about society's tolerance for inequality in the distribution of income. Between these extremes lie numerous intermediate measures referred to as low-income cut-offs (LICOs), usually considered as "poverty lines." The

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\* The original version of this Current Issue Review was published in December 1988; the paper has regularly been updated since that time.

most commonly used poverty lines in Canada are those set by Statistics Canada (generally followed in this document) and the Canadian Council on Social Development (CCSD). Statistics Canada describes as low-income a family spending more than 56.2% of its income on food, shelter and clothing, although it does not intend this as a definition of poverty. The actual figures for low income cut-offs vary according to the size of the family and the place of residence, and are updated each year to include the cost of living as measured by the Consumer Price Index. The CCSD, taking a relative approach, considers an appropriate minimum income to be not less than one-half the average family income in the community.

The House of Commons Sub-Committee on Poverty in June 1993 noted the lack of an official definition of poverty in Canada and recommended that a new Income Inadequacy Bench Mark be established to identify "the level below which families would have serious difficulty in living a healthy and physically acceptable life." Established poverty lines, however, indicate only the upper income limits of poor Canadians; the majority of the poor live on incomes much below these limits. The amount by which the average poor household is below the poverty line in a given province is referred to as the "depth of poverty." Statistics Canada reported in 1992 that low income families earned, on average, about \$7,400 less than the low income cut-off, in 1990 and 1991. The Economic Council of Canada in 1992 observed that, while there has been a reduction in the incidence of poverty in Canada in the past two decades, the depth of poverty remains a serious problem, with poor families having disposable incomes, on average, 34% below Statistics Canada's low-income cut-offs.

## B. The Poverty Rate

The poverty rate for any particular category expresses the number of low-income families and unattached individuals as a percentage of all families and unattached individuals in that category. The rate, as measured by Statistics Canada LICOs, has fluctuated: at the end of the 1960s, the poverty rate for all persons in Canada was 23%; by 1978, it had been reduced to 15.7%. It increased to 16.8% in 1984, declined to 13.6% by 1989, only to climb again to 14.6% in 1990 and to 16.5% in 1992. **The National Council of Welfare reported an overall poverty**



**rate of 16.6% in 1994.** Although the rate fluctuated for both families and unattached Canadians, the latter are much more likely to be poor. The presence of a second earner, usually a working mother, has kept many families out of poverty.

While there are provincial variations in poverty rates, the data do not indicate any significant variation in the risk of poverty for families living in communities of different sizes. Most low-income families, like most families, live in urban areas of 100,000 or more. Unattached individuals in rural areas, however, have a lower risk of poverty than those in metropolitan areas of 500,000 or more.

Depending on how poverty is defined, the number of poor people in Canada in 1988 was reported to have been between 957,000 (according to a basic needs test) and 5,598,000 (based on the Canadian Council on Social Development definition). **In 1994, 4.7 million Canadians were living in poverty, up from 3.5 million in 1989. In 1994, 1.1 million families (13.7%) were living in poverty.**

### C. The Composition of Poverty

The composition of poverty, as measured by the percentages of the low-income population in various categories, has been changing. In general, poverty has shifted somewhat from the elderly toward the young. Between 1973 and 1986, it increased among two-earner families and became concentrated among lone-parent families headed by women. **In 1994, 57.3% of single-parent mothers under 65 with children under 18 were living below the poverty line. Elderly unattached women still run a very high risk of being poor, despite improvements in the general situation of seniors in Canada. For unattached women over 65, the poverty rate in 1994 was 44.1%, as compared with 25.2% for men in the same category.**

The level of child poverty is perhaps one of the most alarming aspects of poverty in this country. In 1989 a unanimous resolution to end child poverty in Canada by the year 2000 was passed by the House of Commons. Campaign 2000, a national organization directed toward that goal, has reported that in 1994 the number of poor children had grown by more than 300,000, to reach nearly 1.3 million children.

Most poor, unattached individuals are not in the labour force, partly because many of them are elderly. In recent years, the significant growth in part-time employment has also had an impact on poverty. There is also a relationship between lack of education and poverty: the lower the education, the higher the risk of poverty.

In terms of the distribution of income, the poor kept their small slice of the national income pie during the 1980s. The poorest 20% of households had the same 5.2% share of total income in 1981 and 1989 and had 5.1% in 1991. In comparison, the top 20% of households increased their share of the pie in the 1980s from 39.9% to 41.9%. The remaining 60% of households, with incomes between \$18,000 and \$64,000, suffered a corresponding decline in their share of national income.

#### D. Current Issues

##### 1. Employment, Unemployment and Poverty

Studies indicate the importance of full-time, well-paying employment in preventing poverty. Both unemployed individuals and families whose heads are not in the labour force are more prone to poverty than their counterparts in the labour force. Poverty rates for adults under age 65 tend to move up and down with changes in the unemployment rate. Marginally employed workers are most likely to be pushed into poverty when jobs are scarce. Strongly represented among them are those with low-paying skills, poorly educated youths, aboriginal people, persons with disabilities and older workers.

Family characteristics are also very important in this regard. The risk of poverty is dramatically lower for families with more than one earner but the proportion of two-earner poor families has increased in recent years. Having a job reduces the likelihood of poverty but it does not always prevent it; a large number of employed Canadians are poor because their earnings are below the low-income cut-offs. **The National Council of Welfare recently reported that a total of 373,000 families with heads under 65 and 430,000 unattached individuals under 65 made up the working poor in 1994. Average annual earnings in this category in 1994 were \$6,149 for families, \$7,384 for unattached men, and \$7,774 for unattached women.**



The growth in part-time employment, and in particular involuntary part-time employment (where people are unable to find full-time jobs), exacerbates the problem of poverty. Part-time employment has increased during the past two decades, and by 2% between 1991 and 1992. A September 1992 social report for Metropolitan Toronto revealed that one in five workers there had only part-time employment. Families whose heads work part-time are five times more likely to be poor than those whose heads work full-time. Similarly, nearly half of unattached individuals who work part-time are under the poverty line as compared to only 8.7% of unattached full-time workers. Part-time workers tend to be paid less and often receive no benefits such as pensions and insurance coverage. Over 70% of part-time workers are women.

Access to paid employment tends to reduce the incidence of poverty. For most low-income families with young children, however, affordable and accessible child care must be available if parents, and especially women, are to seek and maintain employment. This problem is far more serious among single-parent families.

The authors of *The Canadian Fact Book on Poverty, 1994*, argue that the situation of the working population is central to the question of why poverty has been relatively intractable in recent years. They find that the "market-income gap" (the gap that would exist between the employment income of low earners and the poverty lines in the absence of government transfers) grew between 1981 and 1991. **In other words, government transfers have been important instruments for addressing poverty. Changes in such instruments may, according to some analysts, exacerbate the incidence of poverty in Canada.**

## 2. Education and Poverty

There is a strong link between poverty and level of education; the lower one's level of educational attainment, the greater the chance of falling below the poverty line. **In 1994, 6.6% of families whose head had a university degree were poor; families whose head had eight years or fewer of formal education were nearly three times as likely to face poverty.** Even so, the ability of post-secondary education to protect against poverty has diminished over the years. Poor education can be either a cause or an effect of poverty. Those with lower levels of education tend to experience poorer health, have a shorter life expectancy and suffer more disabilities.



Higher levels of education are associated with greater labour force participation and lower rates of unemployment. In 1991, 85% of university graduates were in the labour force, compared with 34% of adults with fewer than nine years of schooling.

A strong relationship exists between high school dropout and low family income. Indeed, in 1991, children from poor families were twice as likely to drop out of school as children from non-poor families. Higher dropout rates tend to perpetuate the cycle of poverty.

Literacy is also central to the issue of poverty. A 1989 survey conducted by Statistics Canada found that 16% of Canadian adults have difficulty in reading most of the material they encounter in their daily lives. A further 22% can read material only if it is clearly laid out and in a familiar context. Canadian adults with limited reading abilities also have weak numeracy skills. There is a strong relationship between educational attainment and literacy proficiency.

The personal and societal costs of illiteracy are high. Illiteracy results in the marginalization of large numbers of Canadians who find themselves unable to participate fully in society. People with poor literacy skills tend to have higher unemployment rates, lower levels of labour force participation, lower incomes and higher levels of poverty than those with strong literacy skills. Poor children face a high risk of growing up illiterate. Illiteracy is too, a cause and an effect of poverty.

### 3. The Elderly and Poverty

About 15% of Canadians aged 65 years or over were living in or near poverty in 1990, down from 28% in 1980. **In 1994, slightly more than 10% of Canada's seniors were living in poverty.** For the unattached elderly, those who live alone or with non-relatives, however, the rate is 35%; for the disabled elderly, it is even higher. Men make up the majority of the elderly poor living in families, and women make up most of the elderly poor who are unattached. Households consisting of one person aged 65 or over had the lowest incomes in Canada in 1992. The majority of women now over 65 have been full-time housewives for most of their lives and, since housework does not yield pensionable income, they are often dependent on public pensions in their retirement.



Some reduction in poverty among the elderly resulted from a number of factors, including maturing of the Canada/Quebec Pension Plans, improvement in Old Age Security and Guaranteed Income Supplement benefits, introduction of Provincial Income Supplements and increased income from sources such as private pensions and investments. Currently, there are more private pensions for older men than for older women but this gap may narrow in the future as the full impact of women's increased labour force participation is felt. The fact that more women than men work in jobs leading either to a low pension or to no pension tends to delay the closing of this gap.

#### 4. The Feminization of Poverty

An increasing "feminization of poverty" has taken place during the past two decades. Not only do women continue to face a higher risk of poverty than men, but among the working poor the number of women increased far more quickly than the number of men, and the percentage of low-income families headed by women increased. The number of lone-parent families more than doubled between 1961 and 1986 and most of these families were headed by women. In 1991, 62% of all lone-parent families headed by women were poor, compared to 24% of male-headed lone-parent families. The poverty rate for single-parent mothers with less than a high school education was 80%. Members of most single-parent families led by women and many elderly unattached women are among the poorest of Canadians.

The National Council of Welfare described female poverty in 1990 as including: 75% of never-married female single parents, 52% of previously married female single parents, 44% of unattached women over 65 and 33% of unattached women under 65. Women's poverty is a complex problem. In the labour market, women's incomes are general lower than men's and child care is among the least financially valued occupations. Other factors include women's unpaid domestic work as mothers and wives, and the effects of divorce.

#### 5. Children and Poverty

The poverty rate for families with one or two children is double that for families with no children, and the risk of poverty is even higher for larger families. **Due to the high costs of child care and scarcity of affordable child care spaces, the risk of poverty in families with**



children is much higher when the children are below school age. In 1992, about 18.9% of children under 16 were living in poverty, compared with 15.0% in 1981. In December 1992, Statistics Canada reported that more than one million Canadian children were living in poverty in 1991.

While most poor children still live in two-parent families, many are in single-parent families headed by women. The percentage of children living in such families doubled between 1966 and 1986. Incidence of low income is highest among these families: 58% in 1988, 60.6% in 1990 and 62% in 1991. According to research done by the National Council of Welfare, lone parent families are often the end result of a complex chain of events made up of early pregnancy and high rates of school dropout, and/or marriage breakdown.

Taken together, these factors place single female parents at a distinct disadvantage in terms of employment opportunities and income levels, and make them highly vulnerable to poverty. Marital breakdown, the failure to ensure adequate child support or to enforce child support orders, and lack of access to affordable child care all contribute significantly to poverty among women and children. At the same time, however, it is clear that high incidences of poverty and associated stresses can be linked to marital breakdown, making the relationship between poverty and single parenthood complex.

Research suggests some strong links between child poverty and poor physical and mental health, illiteracy, chronic unemployment, criminality and other problems in adult life. An increase in child poverty therefore raises concern about the perpetuation of poverty and the associated problems. Children raised in economic deprivation are more likely than others to drop out of school and less likely to realize their potential for making a positive contribution to society.

Various groups have formed to make the reduction of child poverty a national priority. In 1991, several such groups came together in a coalition known as Campaign 2000. Today this group has some 20 partners and a large Canada-wide network of community links. The organization strives to maintain a national focus on steps to eliminate child poverty and acts as a national voice on the issue. At the international level, the General Assembly of the United Nations in 1989 adopted the *Convention on the Rights of the Child*, a



standard against which countries can measure their progress on children's issues. Canada was a signatory to this Convention.

When Brian Mulroney, the former Prime Minister, co-chaired the first World Summit for Children in 1990, he assigned the Health Minister to address children's issues. A children's bureau designated to implement the *Convention on the Rights of the Child*, and to coordinate all federal policies having an impact on children, was established inside Health Canada in 1990. On 4 May 1992, the Health Minister announced the allocation of \$500 million over a five-year period to assist community groups in delivering children's health and social programs, to educate parents on child care, and to support research on childhood diseases.

Critics of the national approach to child poverty insist that the adequacy of programs has been declining in recent years. Recent changes in the structure and funding of social programs will, according to some, diminish Canada's ability to reduce child poverty. In that light, the Caledon Institute on Social Policy has endorsed and costed a proposed new structure of benefits known as the National Child Benefit, which would replace the federal Child Tax Benefit, the existing working income supplement and provincial welfare payments for children. The impetus for such a program harks back to a 1988 report of the Ontario Social Assistance Review Committee and was supported in the federal government's recent social security review. The benefit would increase the level of support given to low- and moderate-income families with children. Under the Caledon proposal, a low-wage family with two children (one under seven and one over seven) would see its benefits increase by 69%, from \$3,253 to \$5,500. The Caledon proposal would cost close to \$2 billion more than existing spending; however, costs would be partially recovered over time by savings on families who left welfare and joined the workforce and by the reduction in tax breaks such as the Child Tax Benefit. The proposal is receiving significant support from child poverty action groups.

## 6. Youth and Poverty

Poverty rates are relatively high among families whose head is under 25 years of age (25.7%) and also among the unattached in this age group (40%). Higher rates of unemployment were associated with low-income among youth throughout the 1980s and continue to be an important factor. Changes in the structure of the labour market, seen in the growing



sector made up of service and low-wage employment, have also contributed to higher rates of youth unemployment and poverty.

Many poor youth are high school dropouts and lack employment-related skills and experience. Dropping out of school perpetuates disadvantage throughout life and can have an impact on future generations, since the children of poorly educated adults run a higher risk of being poorly educated themselves. The phenomenon of "street kids" in large urban centres has caused concern that these youths, many of whose families of origin are not poor, may fall into a life of poverty, drugs, alcohol and crime.

#### 7. Aboriginal Peoples and Poverty

The incidence of poverty amongst aboriginal people has also become a matter of great concern in Canada. Within this group, 13% of adults aged 15 and older reported no income during 1990, and 41% reported income under \$10,000. For the total Canadian population aged 15 and older, the corresponding statistics were 9% and 26%.

Economic conditions on reserves, where employment opportunities are limited, have been described as severely depressed. Indeed, poverty is widespread, with at least half of all families falling below the poverty line in two thirds of these communities. Given these harsh facts, many aboriginal people gravitate to the cities in search of jobs, which they are often unable to find. Aboriginal Canadians are more likely than other Canadians not to participate in the labour force; those that do so are twice as likely to be unemployed. Aboriginal women's income levels and labour force participation rates are approximately two-thirds those of aboriginal men. Social assistance for aboriginal people is a grim economic and social reality. In general, social assistance rates for this population group are more than twice the national average.

#### 8. Persons with Disabilities and Poverty

Most Canadians who are disabled are also poor. In 1991, persons with disabilities numbered 4.2 million and represented 15.5% of the country's population. The 1991 Health and Activity Limitation Survey found that disabled working-age individuals frequently had low



incomes, with 48% reporting an annual income of less than \$15,000, and only 9% reporting an annual income of \$45,000 or more. Of working-age adults without disabilities who received income, 37% received less than \$15,000 and 15% received \$45,000 or more. Disabled women have a much greater likelihood of being poor than their male counterparts.

The labour force participation rate of persons with disabilities is significantly lower than that of persons without disabilities. In 1991, only 56% of disabled persons of working age were in the labour force, compared with 81% of non-disabled persons of working age. Moreover, official unemployment rates remained far higher for adults with disabilities (14%) than for adults without disabilities (9%). Only a minority of the disabled population receive disability-related pensions.

Regardless of their level or source of income, most people with any form of disability need to spend more money than others on items or services required for daily living. For those earning income, the federal tax system provides some assistance in meeting these unavoidable costs and most welfare programs provide recipients with additional benefits in cash or in goods and services that are not available to other people. **Even with this type of assistance, however, persons with disabilities continue to be over-represented in poverty categories.**

## 9. Welfare and Poverty

Using an income-testing approach, Canada's welfare system provides support to people in need. The number of people benefiting from welfare increased during the recession of the early 1980s and remained high after that. From 1982 to 1983, the number of welfare recipients grew 23%, from over 1.5 million to 1.8 million. In 1993, close to three million individuals received social assistance, up from roughly 1.9 million in 1987.

In 1993, children represented the largest single group of recipients of welfare (37%). Approximately 70% of all children on welfare lived in single-parent families. Of the 1993 total of welfare recipients, 15% were single parents, the vast majority of them women. Families composed of husbands and wives with dependent children accounted for 11% of the total, while



husbands and wives without children accounted for 5%. Single persons without dependants were 31% of the total recipients. **The Canadian Fact Book on Poverty indicates the wide range of variance in social assistance levels across the country. Moreover, benefits may or may not include "extras," such as coverage for medication, dental coverage, transportation subsidies, school allowances or special services for people with disabilities. Even with the inclusion of such extras, however, social assistance levels are often characterized as implicit poverty lines.**

**The increasing use of food banks is often taken as evidence that social assistance levels are inadequate to meet the basic needs of recipients.**

#### 10. The Homeless

The Canadian Council on Social Development estimated in 1989 that there were over 200,000 homeless people in Canada. Its surveys show that about 61% of the people who stayed in shelters were men, 27.5% were women and 11.5% were children aged 15 and under.

Over half were social assistance recipients and at least 20% were current or ex-psychiatric patients.

The Council concluded that deinstitutionalization, the shrinking supply of affordable housing, low levels of social assistance benefits, and government policies that devolve responsibility to the provinces or to communities without sufficient resources to carry them out, all contribute to the problem of homelessness.

#### 11. Food Banks

The rapid rise in the number of food banks in Canada is testimony to the fact that poverty continues to be a serious problem. Food banks, non-profit charitable organizations feeding the hungry either directly, or indirectly through other agencies, started in Edmonton in 1981 at the beginning of the recession and spread across Canada. Initially regarded as a short-term response to crisis, the number of food banks has grown quickly in the past decade. In 1990, about 590,000 people used food banks regularly. This number had increased to approximately 700,000 in 1993. (Over 40% of this number were children under 18, although children of this age make up only 25% of Canada's population.) In 1993, there were about 450 food banks in Canada, with more than two



million users, including an estimated 900,000 children. Food banks are also used by the unemployed, low-wage workers, welfare recipients, ex-psychiatric patients, and people on old-age and disability pensions. In addition to food banks, soup kitchens and school meal programs provide many with temporary relief from hunger.

## 12. Poverty and Health

The impact of poverty on health has been widely documented. Studies reveal that people in lower income groups experience poorer health and die at an earlier age than those in higher income groups. Overall, in Canada in 1986 the difference in life expectancy at birth between the highest and lowest income strata was reported to be 2.8 years for women and 6.3 years for men. In addition to living longer, those in higher income groups can expect to enjoy more years of good health and freedom from disability than their lower-income counterparts. Moreover, the prevalence of most chronic diseases, such as cancer and heart disease, is higher among low income individuals. The disadvantaged have a greater tendency to be poorly nourished and to live in crowded and unsafe housing conditions.

The links between poverty and ill health have their greatest impact on children. The lower the income level, the greater the incidence of babies of low birth-weight. As well, infant mortality at the lowest income level is twice that at the highest. Children from poor families experience poorer health and greater mortality and morbidity. They are more likely to suffer physical and mental health problems attributable to the poor diet of the mother before and during pregnancy, and lack of a nutritious diet after birth. Poor parents often have insufficient income to buy nutritious foods and are forced to limit food expenditures in order to pay for shelter.

## PARLIAMENTARY ACTION

Legislation created a network of programs to provide income security and social services. The network included Unemployment Insurance, Old Age Security, Family Allowances, Workers' Compensation and health care. Provincially administered welfare systems provide social assistance when other possibilities of support have been exhausted.



The *Old Age Pensions Act*, introduced on a means-tested basis in 1927, was superseded by the *Old Age Security Act, 1951*, which gave everyone over the age of 70 a pension as a right, and the *Old Age Assistance Act, 1951*, which provided for a means-tested pension for those 65 to 69 years. A 1965 amendment provided for a gradual lowering of the age at which the pension would be paid. By 1970 all eligible persons received the pension at 65 years of age.

The 1950s also saw the passage of a *Blind Persons Act, 1951*, and the *Disabled Persons Act, 1954*, under which the federal government shared with the provinces the costs of allowances to the blind and severely disabled. In 1956, the *Unemployment Assistance Act* provided for federal-provincial cost-shared assistance to those in financial need and not covered by existing cost-shared programs or provincial allowances to single mothers.

The *Canada Assistance Act, 1966*, extended federal cost-sharing in provincial welfare programs. The resulting plan consolidated existing cost-shared programs, unemployment assistance, old age assistance and blind and disabled persons' assistance and facilitated the broadening of social assistance. While the provincial plans share some characteristics, in practice there are twelve distinct welfare systems, one in each province and territory. The level of assistance varies among them from about 40% to 70% of the poverty line income.

Canada's elderly poor have since 1966 been provided for under *Old Age Security*, the *Guaranteed Income Supplement*, tax credits for the low-income aged and provincial income supplements.

The *Family Allowances Act, 1944*, provided for allowances to be paid to all families with dependent children, while the refundable Child Tax Credit program started in 1979 was designed to help poorer families. Families with income tax less than the credit or no tax at all received a non-taxable lump sum payment from the federal government; a supplementary credit was available to parents of children under seven years if no child care expenses were claimed.

Social spending for the poor has been mainly delivered through five federal statutory programs: Old Age Pensions, Unemployment Insurance, Family Allowances, Established Programs Financing and the Canada Assistance Plan.

During the 1980s, however, a trend developed to aim social spending more directly at people in need and to attempt to solve poverty through the creation of a stronger economy. This



approach resulted in a tax-back of Old Age Pension benefits and Family Allowance for people with incomes over \$50,000, limits on indexation of Family Allowance benefits and credits such as the Child Tax Credit, and a ceiling on provincial transfers under the Canada Assistance Plan. Critics saw this approach as an erosion of the social welfare system and an abandonment of the principle of universality and predicted that it would lead in time to increased family poverty.

Bill C-80, in force on 1 January 1993, brought an end to the family allowance, the refundable child tax-credit program, and the tax deduction for dependent children and introduced an "earned-income supplement" to assist low-income families in the workforce.

The House of Commons Sub-Committee on Poverty in June 1993 issued its Report *Towards 2000: Eliminating Child Poverty*. It recommended the development of a new Indicator of Income Inadequacy to gauge the standard of living of low-income families, and the publication by Statistics Canada of the number and distribution of persons with inadequate income.

In January 1994, the government announced its intention to review and reform Canada's social security system within two years. In the first of two phases, the House of Commons Standing Committee on Human Resources Development consulted Canadians on various aspects of social security such as employment, training, education, child care, income security and social welfare. These aspects of social security bear directly on the state of poverty in Canada. In the second phase of the review, the Committee held public hearings across the country to hear Canadians' views on the government's Discussion Paper entitled *Improving Social Security in Canada*, released in early October 1994.

On 6 February 1995, the House of Commons Standing Committee on Human Resources Development tabled its final report, *Security, Opportunities and Fairness: Canadians Renewing Their Social Programs*. The report, which recognized the importance of reforming Canada's social security system, had three broad themes: caring for Canada's children; investing in people; and enhancing security and fairness. Recommendations were aimed at fostering the well-being of Canada's children and their parents; encouraging Canadians to engage in lifelong learning and training; addressing concerns about barriers to work within the current unemployment insurance and social assistance systems; and improving accountability and equity with respect to tax



expenditures. Other recommendations reflected the Committee's belief that the review and reform of Canada's social security programs must take place in a setting that ensures full economic participation for women, Aboriginal peoples, persons with disabilities and visible minorities. Since the tabling of this report, however, the direction of social security reform has changed once again.

1 April 1996 saw the demise of the Canada Assistance Plan (CAP) and the introduction of the Canada Health and Social Transfer (CHST). This represents a fundamental shift in the role of the federal government as regards social programs. The CHST replaces all previous programs determining how Ottawa sent money to the provinces for health, post-secondary education and welfare. Under the CHST Ottawa will transfer money to the provinces on a lump sum basis. Provinces will then be in a position to decide how the funds will be allocated among the three areas. Critics fear that provinces may funnel money from social assistance into health and post-secondary education as they choose. The virtual absence of national standards and/or guiding principles also causes concern among some critics. The CHST represents large reductions in the amount of federal transfers to the provinces. In 1996-97 the federal contribution for social programs will be \$15 billion, down \$2.8 billion from 1995.

## CHRONOLOGY

- 1867-1920 - Poverty was regarded as a local matter, the responsibility of municipalities and charitable organizations.
- 1927 - The *Old Age Pensions Act* provided for a means-tested pension for persons over 70 years of age.
- 1944 - The *Family Allowance Act* provided allowances for dependent children.
- 1951 - The *Old Age Security Act* and the *Old Age Assistance Act* superseded the *Old Age Pensions Act* to provide everyone over age 70 with a pension and those between 65 and 69 years with a means-tested pension.

- The *Blind Persons Act* introduced pensions for the blind.
- 1954 - The *Disabled Persons Act* provided pensions for the severely disabled.
- 1956 - The *Unemployment Assistance Act* provided for assistance for the needy unemployed.
- 1966 - The *Old Age Security - Guaranteed Income Supplement* paid an income supplement to low-income Canadians receiving Old Age Security payments.
- The *Canada Assistance Act* had as its objectives "the prevention and removal of the causes of poverty" and it extended social assistance to those in need.
- 1971 - The Special Senate Committee on Poverty (the Croll Committee) recommended a system of guaranteed income as a response to poverty.
- 1979 - The *Child Tax Credit* provided some assistance to low-income families with children.
- 1986 - The *Employment Equity Act* required employers under federal jurisdiction and with 100 or more employees to report on the hiring and promotion of women, aboriginal people, persons with disabilities and members of visible minority groups.
- 1986 - Jake Epp, the Minister of National Health and Welfare published *Achieving Health for All: A Framework for Health Promotion*. This document identified economic status as the primary factor affecting mortality, morbidity, and disability.
- 1987 - The Secretary of State announced the establishment of a National Literacy Secretariat.
- 1989 - The Standing Senate Committee on Social Affairs, Science and Technology tabled an Interim Report, *Child Poverty and Adult Social Problems*, as the first stage of a major inquiry into child poverty.



- On 20 November, the General Assembly of the United Nations adopted the *Convention on the Rights of the Child*, and on 24 November, the House of Commons unanimously agreed on a motion to "seek to achieve the goal of eliminating poverty among Canadian children by the year 2000."
  - In December, the House of Commons Standing Committee on Health and Welfare, Social Affairs, Senior and the Status of Women established a Sub-Committee on Poverty. It decided to study child poverty, with a view to developing a plan to eliminate the problem by the year 2000.
- 1991 - In January, the Standing Senate Committee on Social Affairs, Science and Technology issued its Report *Children in Poverty: Toward a Better Future*.
- On 4 February, the Children's Bureau was established within the Health and Welfare Department.
  - The National Council of Welfare reported in November that welfare rates in 1990 were below poverty lines in all provinces.
  - In December, the Commons Standing Health and Welfare Committee issued its Report *Canada's Children: Investing in Our Future*. It recommended a comprehensive plan of action to eradicate child poverty in Canada by 2000, and called upon the Children's Bureau to coordinate and implement this plan.
- 1992 - In January, the Canadian Labour Market and Productivity Centre reported that the average minimum wage in Canada in 1991 would have generated earnings far below the poverty line for a family of four with one full-time wage earner.
- May 1992 - The Health and Welfare Minister announced a new plan to help children living in poverty.
- 16 September 1992 - The House of Commons passed Bill C-80 to end the Family Allowance program and replace it with an amalgamated child benefit plan.
- 17 November 1992 - Campaign 2000, a national advocacy coalition, reported that child poverty had increased and that single parent poverty rates were higher in Canada than in western Europe, and only slightly lower than in the United States.

- 30 November 1992 - The National Council of Welfare's "Poverty Profile" showed that 16.9% of Canada's children (1.1 million) and about 60% of all single mothers were living in poverty.
- February 1993 - Statistics Canada reported that the estimated number of unemployed in Canada had grown by 40% in the last three years.
- 28 May 1993 - The UN Committee on Economic, Social and Cultural Rights noted a lack of progress in alleviating poverty in Canada.
- 3 June 1993 - A National Council on Welfare study noted that welfare payments were grossly inadequate for most of the 2.7 million recipients.
- 8 June 1993 - The Report of the Commons Sub-Committee on Poverty called for an official measurement of poverty in Canada.
- September 1993 - A UNICEF report noted Canada's poor performance in combatting child poverty.
- November 1993 - Statistics Canada reported that the proportion of middle-income families declined and the proportion of families with low incomes increased from 1981 to 1991; 18% of Canadian children under 18 were living in poor families in 1991.
- 24 November 1993 - Campaign 2000 reported that from 1989 to 1991 more than 275,000 children joined the ranks of the poor.
- 2 December 1993 - The Institute for Research on Public Policy reported increasing poverty among the employable young and families headed by single females. It recommended links between assistance programs and job training.
- 14 December 1993 - Statistics Canada reported more than 4.5 million below the poverty line in 1992, including 18.9% of children under age 18.
- March 1994 - The House of Commons Standing Committee on Human Resources Development released an interim report on its study of the modernization and restructuring of Canada's social security system. Various programs and policies that have an impact on poverty were discussed.



- 5 October 1994 - The government released a Discussion Paper entitled *Improving Social Security in Canada*, which focused on the need for changes to programs in the key areas of work, learning and security.
- 6 February 1995 - The report of the House of Commons Committee on Human Resources Development, *Security, Opportunities and Fairness: Canadians Renewing Their Social Programs*, was tabled. The report's 51 recommendations aimed to build a society that will care for Canada's children, promote employment opportunities by investing in people's abilities, and seek to enhance security and fairness for all Canadians. Most of these recommendations could have implications for poverty in Canada.
- Spring 1995 - The National Council of Welfare's "Poverty Profile" revealed that between 1992 and 1993 the ranks of the poor grew by close to half a million. The child poverty rate jumped to a 14-year high of 20.8%.
- 1 April 1996 - The Canada Health and Social Transfer (CHST) replaced the Canada Assistance Plan (CAP), marking a fundamental change in the federal government's role in funding social assistance, health, and post-secondary education.

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